January 8, 2008

Electronic Filing

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
12th Street Lobby, TW-A325
Washington, D.C. 20554

Re: ***Written Ex Parte Communication***
In re: Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Service, WT Docket No. 07-71;
In re: CTIA Petition for Expedited Declaratory Ruling on Early Termination Fees, WT Docket No. 05-194.

Dear Ms. Dortch:

As the Commission begins the new year, CTIA-The Wireless Association® ("CTIA") takes this opportunity to update the Commission on the state of the global wireless marketplace. CTIA is increasingly alarmed by the frequency of uninformed and plainly inaccurate statements made by certain advocacy groups about the state of the United States wireless market as compared with other countries.[1] Although CTIA is confident that these uninformed and inaccurate statements will not form the basis for Commission decision-making, in an abundance of caution, we provide the following summary comparing the United States wireless market with the markets of the rest of the Organisation for Economic Co-Operation and Development's ("OECD's") top 10 countries ranked by Gross Domestic Product.[2] **The United States leads every category that we reviewed, except one, where the U.S. is second. Whether it is the low price of service which results in a level of affordability that drives unprecedented minutes of use, or the unbelievable breadth of choice, it is clear that American consumers are enjoying the benefits of a vibrantly competitive wireless market that is second to none.**

Utilizing the best publicly-available data, we compare six distinct statistics: (1) number of subscribers; (2) average minutes of wireless use; (3) the amount of revenue carriers derive from each minute of use; (4) the share of the market held by the two largest carriers; (5) the number of facilities-based carriers in the market with more than one million subscribers; and (6) the number of subscribers served per MHz of spectrum.

[1] *See e.g.*, Open Internet Coalition Calls FCC Auction Rules Good News and Bad News for Consumers, Press Release, July 31, 2007 (the Open Internet Coalition is comprised of, *inter alia*, Public Knowledge, EDUCAUSE, Free Press, Media Access Project, and U.S. PIRG); *see also Wireless Innovation and Consumers Protection: Hearing Before the House Subcommittee on Telecommunications and the Internet*, 110th Cong. (2007) (statement of Chris Murray, Senior Counsel, Consumers Union).

[2] *See* Gross Domestic Product, Organisation for Economic Co-Operation and Development *available at* http://www.oecd.org/dataoecd/48/4/37867909.pdf (last accessed Jan. 4, 2008).

For comparison, we also provide the amount of spectrum allocated in each country for commercial mobile use. For the Commission's convenience, we have attached charts providing head-to-head and summary comparisons referencing these data points.

Subscribers: According to Merrill Lynch, the United States ranks first among the top ten OECD countries in the number of wireless subscribers with 243 million as of the second quarter of 2007.[3] That is more than twice the number in the next largest market (Japan, 103 million) and more than 12 times the number of subscribers in the smallest market (Canada, 19 million). CTIA estimates that the number of American wireless subscribers now exceeds 250 million.

Minutes of Use ("MOUs"): American consumers use – far and away – the most minutes of use per month of *any* country, not just the OECD top ten. Americans use an average of 823 minutes of wireless service per month.[4] That's nearly five times the use of the average wireless customer in an OECD top ten country and nearly twice as many MOUs as consumers in any other country in the OECD top ten (Canada, 429 MOUs, comes closest). Thanks to intense competition, as well as the minimal regulatory environment of the United States, wireless carriers are free to market services in increasingly large bundles and through more attractive and innovative service offerings. This equation encourages American consumers to make wireless their primary method of telecommunication, and creates a level of affordability that is the envy of consumers outside the United States.

Revenue Received by Carriers per Minute of Use: Competition in the United States market produces a direct consumer benefit in the form of a much lower cost per minute. As this statistic shows, American carriers receive the lowest revenue per minute of use of all the OECD countries. On average, a U.S. wireless carrier derives just $0.04 of revenue for each minute used on its network.[5] By contrast, in other OECD countries, carriers are paid up to six times as much for each minute of consumer use (Japan, $0.25 per minute), with the closest country being two-and-a-half times as much (Canada, $0.10 per minute).

Top Two Carriers' Share of the Wireless Market: Among OECD top ten countries, only the United Kingdom can claim to have a smaller percentage of the wireless market held by the top two carriers. In the United States, subscribers to the two largest carriers (AT&T and Verizon Wireless) comprise just 51.7% of the total number of subscribers.[6] With the exception of the U.S., the U.K. and Canada, the remaining OECD top ten all have markets in which the top two carriers have more than 70% of the market. France and Korea's top two carriers have more than 80% of the market (82.5% and 82.4%, respectively) and Mexico's top two carriers control 90.7% of the market.[7] When

---

[3] Glen Campbell, et al., "Global Wireless Matrix 2Q07," Merrill Lynch, Oct. 4, 2007, at Table 1 ("*Merrill Lynch*").

[4] *Id.*

[5] Merrill Lynch at Table 1.

[6] *Id.*

[7] Merrill Lynch at Table 1.

you look beyond just the first two carriers, the U.S. boasts a wireless market that is far less concentrated than the rest of the OECD top ten.

Specifically, the U.K.'s telecommunications regulator – Ofcom – notes in a 2006 report that the United States has a much less concentrated market when viewed through the Herfindahl-Herschman Index, a commonly accepted measure of market concentration.[8] This fact is illustrated when you move beyond the market share of the first two carriers – in the United States, the six largest carriers combined have just over 90% of the market.

Number of Facilities-Based Carriers with More than One Million Subscribers: Americans value the ability to choose from a number of wireless carriers and derive immense benefits from the intense competition between carriers. The United States has 10 facilities-based carriers that serve more than 1 million subscribers. That is double the number that any other country in the OECD top ten can claim, and triple the number in some of the countries. That is not the end of the story. Throughout the United States, there are numerous regional and local providers that offer service to consumers, and that compete with other regional and national providers.

Amount of Spectrum Allocated for Commercial Mobile Wireless: While the United States leads the world in nearly every aspect of wireless service, spectrum allocation is one area where our market is sorely lacking. In the United States, there is 294 MHz allocated for commercial wireless use – a number that includes the Advanced Wireless Services and 700 MHz allocations. Of the OECD top ten markets, only our neighbors to the north and south – Canada and Mexico – and South Korea have less spectrum for commercial wireless use. Notably, all three countries serve a fraction of the wireless subscribers that are in the U.S. market. As shown below, U.S. wireless carriers have – out of necessity – become much more spectrally efficient in serving subscribers. As wireless data services and applications become more prevalent, more spectrum will be needed to provide the speeds and coverage that consumers increasingly demand.

Subscribers Served per MHz of Spectrum: As described above, the United States wireless market serves many more subscribers than those countries reviewed, and more than nearly any country on the planet. As a result of the small amount of spectrum allocated for commercial mobile use in the United States, domestic wireless carriers have become more efficient users of the available spectrum. On average, nearly 828,000 American subscribers are served by each MHz of spectrum allocated for commercial use. That estimate understates the United States wireless carriers level of efficiency because it includes AWS and 700 MHz spectrum that is not yet operational. In the U.K., where nearly 60 additional MHz of spectrum already is in the market, carriers are not nearly as efficient, with only 202,000 subscribers served for each MHz. It is impressive that U.S. wireless carriers are able to get so much more use out of the spectrum available. However, as described above, as wireless subscribers demand more bandwidth and

[8] Ofcom, "The International Communications Market, 2006," November 2006, available online at http://www.ofcom.org.uk/research/cm/icmr06/icmr.pdf, at p.68 (last accessed Jan. 4, 2008).

increase use, the limited amount of spectrum allocated in the United States will continue to be strained.

While uninformed and inaccurate advocates may claim that the United States is lagging behind other wireless markets, it is plainly clear from these statistics that American consumers enjoy a wireless market that is second to none. Making more happen with less spectrum, providing an affordable service that consumers of all economic levels can enjoy, offering more choices and delivering more service to its customers are the hallmarks of the United States wireless industry – and what makes it the envy of wireless consumers worldwide. **We are hopeful that the presentation of this independent data will help to bring to an end the inaccurate statements being made about the market in the United States.**

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter and the attachment are being filed via ECFS with your office. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Christopher Guttman-McCabe

Christopher Guttman-McCabe

Attachment

cc: Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert McDowell
Aaron Goldberger
Bruce Gottlieb
Reneé Crittendon
Wayne Leighton
Angela Giancarlo
Fred Campbell
Dana Shaffer
Julius Knapp

CTIA
The Wireless Association™

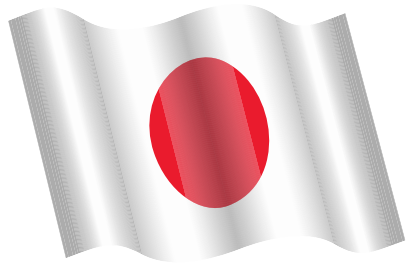
	USA	Japan	Germany	U.K.	France	Italy	Canada	Spain	S. Korea	Mexico
Subscribers**	**243.3m**	103m	91.1m	71.4m	50.2m	85.2m	19.1m	48.1m	42m	62m
Average Consumers' Minutes of Use per Month**	**823**	140	101	168	258	134	429	163	321	144
Average Revenue per Minute – A Measure of the Effective Price per Voice Minute**	**$0.04**	$0.25	$0.21	$0.20	$0.17	$0.19	$0.10	$0.23	$0.11	$0.11
Top Two Carriers Percentage of the Total Market**	51.7%	78.6%	72.4%	**49.6%**	82.5%	73.4%	68.3%	77.5%	82.4%	90.7%
Number of Carriers with over 1m Subscribers **	**10**	4	4	5	3	4	3	3	3	4
Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	**827,891**	296,830	298,689	202,381	133,902	273,603	106,111	134,358	180,257	516,667
Spectrum Allocated for Commercial Wireless Use	294 MHz*	347 MHz	305 MHz	352.8 MHz	374.9 MHz	311.4 MHz	180 MHz	358 MHz	233 MHz	120 MHz

Figure includes AWS-1 and 700 MHz spectrum – which is not yet available for commercial use.

**** *Glen* Campbell, et al., "Global Wireless Matrix 2Q07," Merrill Lynch, Oct. 4, 2007, at Table 1.**

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™



United States of America		Japan
243,300,000	Subscribers	103,000,000
823	Average Consumers' Minutes of Use	140
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.25
51.7%	Top Two Carriers Percentage of the Total Market	78.6%
10	Number of Carriers with Over 1m Subscribers	4
294 MHz	Spectrum Allocated for Commercial Wireless Use	**347 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	296,830

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America		Germany
243,300,000	Subscribers	91,100,000
823	Average Consumers' Minutes of Use	101
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.21
51.7%	Top Two Carriers Percentage of the Total Market	72.4%
10	Number of Carriers with Over 1m Subscribers	4
294 MHz	Spectrum Allocated for Commercial Wireless Use	**305 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	298,689

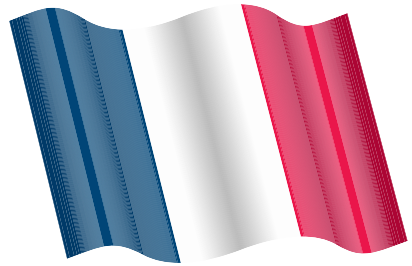
U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America		United Kingdom
243,300,000	Subscribers	71,400,000
823	Average Consumers' Minutes of Use	168
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.20
51.7%	Top Two Carriers Percentage of the Total Market	**49.6%**
10	Number of Carriers with Over 1m Subscribers	5
294 MHz	Spectrum Allocated for Commercial Wireless Use	**352.8 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	202,381

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™



United States of America		France
243,300,000	Subscribers	50,200,000
823	Average Consumers' Minutes of Use	258
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.17
51.7%	Top Two Carriers Percentage of the Total Market	82.5%
10	Number of Carriers with Over 1m Subscribers	3
294 MHz	Spectrum Allocated for Commercial Wireless Use	**374.9 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	133,902

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America		Italy
243,300,000	Subscribers	85,200,000
823	Average Consumers' Minutes of Use	134
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.19
51.7%	Top Two Carriers Percentage of the Total Market	73.4%
10	Number of Carriers with Over 1m Subscribers	4
294 MHz	Spectrum Allocated for Commercial Wireless Use	**311.4 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	273,603

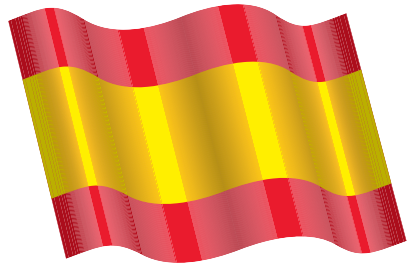
U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America		Canada
243,300,000	Subscribers	19,100,000
823	Average Consumers' Minutes of Use	429
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.10
51.7%	Top Two Carriers Percentage of the Total Market	68.3%
10	Number of Carriers with Over 1m Subscribers	3
294 MHz	Spectrum Allocated for Commercial Wireless Use	180 MHz
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	106,111

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™



United States of America		Spain
243,300,000	Subscribers	48,100,000
823	Average Consumers' Minutes of Use	163
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.23
51.7%	Top Two Carriers Percentage of the Total Market	77.5%
10	Number of Carriers with Over 1m Subscribers	3
294 MHz	Spectrum Allocated for Commercial Wireless Use	**358 MHz**
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	134,358

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America

South Korea

United States of America		South Korea
243,300,000	Subscribers	42,000,000
823	Average Consumers' Minutes of Use	321
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.11
51.7%	Top Two Carriers Percentage of the Total Market	82.4%
10	Number of Carriers with Over 1m Subscribers	3
294 MHz	Spectrum Allocated for Commercial Wireless Use	233 MHz
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	180,257

U.S. Consumers Enjoy More Affordable Service, Greater Choice, and Vigorous Competition

CTIA The Wireless Association™

United States of America		Mexico
243,300,000	Subscribers	62,000,000
823	Average Consumers' Minutes of Use	144
$0.04	Average Revenue per Minute – A Measure of the Effective Price per Voice Minute	$0.11
51.7%	Top Two Carriers Percentage of the Total Market	90.7%
10	Number of Carriers with Over 1m Subscribers	4
294 MHz	Spectrum Allocated for Commercial Wireless Use	120 MHz
827,891	Efficient Use of Spectrum -- Subscribers Served per MHz of Spectrum Allocated	516,667